



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

February 18, 2011

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

To: Audit Committee

From: William T Fujioka
Chief Executive Officer

BOARD POLICY REVIEW – 5.120: AUTHORITY TO APPROVE INCREASES TO BOARD APPROVED CONTRACT AMOUNTS

Based on the request of the Executive Office of the Board of Supervisors, this Office has reviewed Board of Supervisors' Policy 5.120 – Authority to Approve Increases to Board Approved Contract Amounts. The Policy delegates responsibility to the Chief Executive Officer (CEO) to review and approve clauses in proposed contracts which delegate to department heads the authority to approve stipulated percentage increases in Board-approved contract amounts.

As referenced in the Policy, on February 14, 1995, the Board requested the CEO to review and approve clauses in proposed contracts that delegate authority to department heads to increase contracts up to 10 percent of total contract amount. Consistent with the implementation of the new County organizational structure in 2007, the CEO reviews all departmental requests for approval of Board contracts. All contracts presented to the Board for approval must identify potential or anticipated contract increases and request delegated authority to execute those increases, if necessary.

On January 20, 2011, my staff appeared before your Committee and recommended that the Policy be allowed to sunset, as all analysts in the Chief Executive Office had been instructed to enforce the 10 percent rule indicated above when reviewing Board Letters that seek delegated authority to increase total contract amount. After discussion, your Committee indicated a strong desire to strengthen the 10 percent rule in a revised Policy. This Office has therefore, revised the Policy accordingly. In addition, we are recommending that a new provision be established requiring that departments provide advance written notice to the Board if an increase exceeding 10 percent is requested. The attached draft Policy 5.120 incorporates these recommended changes.

Questions regarding this memorandum can be directed to James Hazlett at (213) 974-1148, or at jhazlett@ceo.lacounty.gov

WTF:ES:MKZ
FC:JH:ib

Attachment

c: Executive Officer, Board of Supervisors

2011 021811 Board Policy Review 5.120_Audit memo

"To Enrich Lives Through Effective And Caring Service"

**Please Conserve Paper – This Document and Copies are Two-Sided
Intra-County Correspondence Sent Electronically Only**



Los Angeles County
BOARD OF SUPERVISORS POLICY MANUAL

Policy #:	Title:	Effective Date:
5.120	Authority To Approve Increases To Board Approved Contract Amounts	02/14/95

(See also 5.070)

PURPOSE

Delegates responsibility to the Chief Administrative Executive Officer to review and approve clauses in proposed contracts which delegate to department heads the authority to approve stipulated percentage increases of up to 10 percent in Board approved contract amounts.

REFERENCE

February 14, 1995, Board requested the Chief Administrative Officer to review and approve clauses in proposed contracts that delegate authority to Department Heads to increase contracts up to 10% percent of total contract amount.

February 23, 1995 memo to Department Heads from the Chief Administrative Officer entitled *Contract Clauses Delegating Authority to Approve Increases*.

POLICY

~~The County Board of Supervisors has ordered, effective immediately, that:~~

- The Chief Administrative Executive Officer is to review and approve clauses in each proposed contract which delegates to the department head the authority to approve stipulated percentage increases in the total contract amount; and

- Such contract clauses should stipulate as specifically as possible the criteria for allowing a department head to approve such increases; and
- Any department request for a percentage increase exceeding 10 percent of the total contract amount must provide a detailed justification and advance written notice to the Board of Supervisors, with a copy to the Chief Executive Officer, at least two weeks prior to the Board Meeting at which the proposed contract is to be presented.

RESPONSIBLE DEPARTMENT

Chief Administrative Executive Office

DATE ISSUED/SUNSET DATE

Issue Date: February 23, 1995
Reissue Date: January 16, 2003
Review Date: January 18, 2007
Review Date: January 18, 2011

Sunset Review Date: January 16, 2003
Sunset Review Date: January 16, 2007
Sunset Review Date: January 16, 2011
Sunset Review Date: January 16, 2015